

Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-15 H-01 INR-10 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 /126 W

-----054000 180753Z /17/63

R 171045Z APR 78

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 7432

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C O R R E C T E D C O P Y (TEXT)

E.O. 11652: N/A

TAGS: ENRG, AF, US

SUBJECT: CITIES SERVICE CONTEMPLATES OIL EXPLORATION AGREEMENT

1. MR. ALLEN G. HATLEY, ACQUISITIONS MANGER FOR CITIES SERVICE COMPANY, HOUSTON, HAS INFORMED EMBOFFS THAT CITIES SERVICE IS ON THE VERGE OF SIGNING AN OIL EXPLORATION AGREEMENT WITH THE GOVERNMENT OF AFGHANISTAN (GOA). PROPOSED AREA CONCERNED IS THE "SEISTAN BLOC" IN THE SOUTHWESTERN PART OF THE COUNTRY. HATLEY STATED THAT THE AFGHAN NATIONAL PETROLEUM COMPANY HAD AGREED TO PAY THE AMERICAN COMPANY AN EXPLORATION FEE AND TO GIVE PREFERENTIAL TREATMENT (THE RIGHT TO MEET THE LOWEST SUBMITTED BID) FOR EXPLOITATION. SUBSEQUENT INFORMATION RECEIVED BY THE EMBASSY INDICATES THAT HATLEY MAY HAVE AGREED, AT THE LAST MINUTE, TO ACCEPT A NO-FEE ARRANGEMENT; THE EMBASSY WILL ATTEMPT TO CLARIFY THE TERMS OF THE AGREEMENT WHEN CITIES SERVICE REPRESENTATIVES RETURN TO KABUL FOR THE HOPED-FOR SIGNING. THE DRAFT AGREEMRNT IS EXPECTED TO BE SUBMITTED FOR GOA CABINET APPROVAL ON APRIL 18. IF ACCEPTED, WE EXPECT SIGNING SOME TIME DURING THE WEEK OF APRIL 24.

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2. COMMENT. PARTICIPATION BY AN AMERICAN PETROLEUM COUNTRY IN AFGHANISTAN'S EXPLORATION PROGRM WOULD BE A MAJOR STEP IN BREAKING THE SOVIET MONOPOLY IN THIS AREA -- BOTH FOR THE AFGHANS AND OURSELVES. IT REAFFIRMS THE INDICATIONS WE HAVE RECEIVED THAT THE GOA WOULD LIKE TO SEE DIVERSIFICATION IN THIS AREA WITH THE INTENTION OF OBTAINING GREATER CONTROL

OVER THE EXPLOITATION OF THEIR OWN RESOURCES.
ELIOT

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Message Attributes

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